



Proposed Distribution of Low-Income Housing Tax Credits in Greater Minnesota

- Minnesota Housing is proposing to change the distribution of Low-Income Housing Tax Credits to suballocators. These changes are based on updated data and will be effective beginning with state's allocation of 2016 credits.
- Comments on the proposed changes will be accepted until 4:30 p.m. CT on Friday, March 27 and may be directed to mn.housing@state.mn.us.
- With the release of new data from the Census Bureau and forecasts from the Metropolitan Council (which affects the allocation credit in the metro area), Minnesota Housing has reviewed the formulas for distributing tax credits to sub-allocators across the state.
- For 2016 and future tax credits, Minnesota Housing is proposing new distribution shares based on a revised formula and updated data for Greater Minnesota.
- Minnesota Housing is revising the formula for Greater Minnesota to be aligned with the factors used in the Twin Cities metropolitan area, which will support statewide consistency. The current formula for Greater Minnesota is based just on population, while the new formula is based on five factors.
- Table 1 shows:
 - The current distribution – share of credits assigned to each jurisdiction after the non-profit set aside has been taken out
 - The proposed new distribution – share of credits assigned to each jurisdiction after the non-profit set aside has been taken out
 - The factors that go into the new distribution calculation (each factor is equally weighted):
 - Share of households (Demographer's Office)
 - Share household growth (Demographer's Office)
 - Share of employment (Dept. of Employment and Economic Development)
 - Share employment growth (Dept. of Employment and Economic Development)
 - Share of severely cost burdened households (American Community Survey)
- The USDA Rural Development (RD) set-aside will be taken from the share assigned to the Balance of the Region.

Table 1: Tax Credit Shares and Factors Included in the Distribution Formula

	Current Distribution*	Proposed New Distribution	Share of Households (2013)	Share of Household Growth (2003-13)	Share of Employment (2013)	Share of Employment Growth (2003-13)	Share of Severely Cost Burdened Renters (2011- 2013)
Duluth	7.6%	3.9%	3.7%	0.3%	5.5%	1.4%	8.5%
Rochester	5.9%	7.3%	4.5%	10.1%	8.0%	8.2%	5.8%
St. Cloud	4.1%	3.3%	2.6%	2.1%	4.7%	0.4%	6.4%
Balance of Region	82.4%	85.6%	89.2%	87.5%	81.7%	90.0%	79.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*The share depends on when the USDA RD set-aside is taken out (before or after the sub-allocator assignment). The shares in this table assume that the 10% nonprofit set-aside is taken out, credits are assigned to sub-allocators, and then the \$300,000 USDA RD set-aside is taken out of the share going to the Balance of the State.